



North Carolina Department of Health and Human Services Office of the Controller

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MEMORANDUM

TO: Multi-County Area Program Directors
Multi-County Area Finance Officers

FROM: Gary Fuquay 
DHHS Controller

DATE: June 10, 2002

RE: Implementation of New Cost Matrix and Enhanced Compliance Enforcement

The purpose of this memorandum is to provide you with written notice regarding the full implementation of cost matrix for the 2003 Cost Finding reporting and the enhanced audit support enforcement of the cost finding report.

As many of you are aware, issues were identified during the 2001's cost finding report reviews regarding the current area program audits supporting the cost finding report. All audits should be in accordance with the Department of the State Treasurer's chart of accounts which is located on that Department's web site. It is important that you plan now and are aware of the new cost matrix which crosswalks to the Department of the State Treasurer's chart of accounts. With the full implementation of the cost matrix for the 2003 report year, it will be required that the area program audit supporting the cost finding, fully comply with the cost matrix as well as fully support the cost figures within the cost finding. In order for you to understand the scope of the cost finding review better, set forth below are issues identified during this year's cost finding.

The issues discovered with the 2001 cost finding are:

- ✓ The 1xx to 8xx line items on the audit did not coincide with the 1xx to 8xx figures in the cost finding.
- ✓ In some situations the total costs per the audit did not match the total cost figures for the audit.
- ✓ There were also issues with the audit's break out of expenditures by cost center that did not reflect the same information provided in the cost finding report.
- ✓ Not all items were able to be crosswalked between the audit and the cost finding report

Should any of these items occur with the 2003 cost finding, the area program will be required to have either the cost finding or the audit changed so that both items are in sync.

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Should you have questions regarding the new Chart of Accounts, please contact Pat Jeter at (919) 855-3680 or Theresa Allison at (919) 855-3681.

Cc: DMH/DD/SAS Executive Staff
Lanier Cansler
Carol Duncan Clayton
Allyn Guffey
Area Administrative Cost Workgroup
Accountants having issues with their audits this year